

**STATEMENT OF**  
**F. JOSEPH MORAVEC**  
**COMMISSIONER**  
**PUBLIC BUILDINGS SERVICE**  
**U.S. GENERAL SERVICES ADMINISTRATION**  
**BEFORE THE**  
**SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,**  
**PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT**  
**COMMITTEE ON TRANSPORTATION AND**  
**INFRASTRUCTURE**  
**U.S. HOUSE OF REPRESENTATIVES**  
**JULY 13, 2004**



Good morning, Mr. Chairman and Members of the Subcommittee. My name is F. Joseph Moravec and I am the Commissioner of the Public Buildings Service, U.S. General Services Administration (GSA). Thank you for inviting me here today to discuss GSA's fiscal year 2005 Capital Investment and Leasing Program.

Our Capital Investment and Leasing Program plays a key role in providing the necessary resources to maintain current real property assets and acquire new or replacement assets. The capital program supports several portfolio objectives:

- Optimize the value of our portfolio of owned assets by assessing the financial portfolio building by building;
- Maximize Federal Buildings Fund (FBF) income by enhancing current asset productivity through needed reinvestment and by acquiring new assets to meet emerging long-term Federal requirements;
- Direct capital resources primarily toward performing assets with a workout or disposal strategy for under and non-performing assets;
- Ensure the continued functionality of our buildings and safeguard the health and life-safety of their occupants; and
- Provide quality workspace in support of the mission-related goals of tenant Federal agencies.

All proposed projects are evaluated in the context of the entire national portfolio. We consider three options when evaluating our client agency requirements: construction and acquisition of new facilities, repair and alteration of existing facilities, or leasing space from the private sector.

## REPAIR AND ALTERATIONS

Our first capital program priority is the repair and alteration of our existing inventory to ensure that its value and condition does not decline. The facilities in our portfolio have a replacement value of about \$35 billion. We are requesting a Repair and Alterations program of \$980 million to maintain and improve those properties that are in GSA's inventory for which there is a continuing Federal need and which are capable of being economically self-sufficient.

The highlights of GSA's fiscal year 2005 Program include:

- \$395 million for the Basic Program;
- \$62 million for the Limited Scope Program;
- \$411 million for Major Modernization;
- \$50 million for the Design Program;
- \$30 million for the Energy Program;
- \$13 million for the CFC Program; and
- \$20 million for the Glass Fragmentation Program.

To allocate the limited sources of the FBF, we evaluate and rank our repair and alteration proposals based on the following criteria:

- Economic justification in terms of financial return and present value cost;
- Project timing and execution;
- Physical urgency based on building conditions and needs; and
- Customer urgency based on mission requirements and overall satisfaction levels.

### NEW CONSTRUCTION

We are requesting a Construction and Acquisition of Facilities program of \$650 million. PBS traditionally pursues a construction and ownership solution for special purpose and unique facilities (such as border stations and courthouses), which are not readily available in the real estate market.

The highlights of GSA's fiscal year 2005 Program include:

- \$381 million for three Federal Court Projects;
- \$159 million for two Executive Agency design and construction projects, one environmental remediation project, and one purchase;
- \$91 million for site acquisition, design and construction of twelve border stations;
- \$10 million for the Nonprospectus Construction Program, and;
- \$10 million for the Judgment Fund Repayment.

We recommend new construction where it will meet the new housing needs of a specific agency or to consolidate several dispersed agencies with economically feasible long-term needs in a given locality. Our construction request includes funding for site acquisition, design, construction, and the management and inspection costs of these Federal facilities.

### LEASING PROGRAM

This year we have submitted 18 lease prospectuses for your consideration. As you know, lease prospectuses are not tied to GSA's budget request for line item funding of individual projects. Leasing requirements emerge on a continuing basis throughout the year, and many reflect critical changes in tenant agency missions that cannot be deferred for future year consideration. Although, we attempt to provide the subcommittee with as many of these requirements as possible for consideration along with the capital program, we do expect to submit some additional lease prospectuses in the coming months to meet new agency needs for space.

### REAL PROPERTY ASSET MANAGEMENT

Executive Order 13327, Federal Real Property Asset Management dated February 4, 2004, is a new tool we are using to improve asset management. It outlines specific duties for GSA to carry out in consultation with the newly created Federal Real Property Council that promotes efficient and economical use of Federal real property resources. We have established an ad hoc Project Management Office to facilitate GSA's role.

Activities specified in Section 5 of the Executive Order include:

- a) The Administrator of GSA shall, to the extent permitted by law and in consultation with the Federal Real Property Council, provide policy oversight and guidance to executive agencies for Federal real property management;
- b) The Administrator of General Services shall publish common performance measures and standards adopted by the Council;
- c) The Administrator, in consultation with the Federal Real Property Council, shall establish and maintain a single, comprehensive, and descriptive database of all real property under the custody and control of all executive branch agencies (except when otherwise required for reasons of national security);
- d) The Administrator, in consultation with the Federal Real Property Council, may establish data and other information technology (IT) standards for use by Federal agencies in developing or upgrading Federal agency real property information systems in order to facilitate reporting on a uniform basis.

As Commissioner of PBS, I will chair the Asset Management Committee for the Federal Real Property Council. We are still in the early stages of developing our action plan for implementation.

Mr. Chairman, that concludes my prepared statement, and I will be pleased to answer any questions that you or Members of the Subcommittee may have about our proposed fiscal year 2005 Capital Investment and Leasing Program, or any other aspects of the public buildings program.